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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-4

THE WORLD WOOL SITUATION
June 13, 1928

Wool prices at Boston have shown a gradual rise during the past month. Although some declines have been reported from London, domestic prices continue much below the foreign level plus the tariff. Toward the latter part of May medium wools, both fleece and territory, were more active and became a feature of the market. Reports on mill activity for April show some decline; imports and stocks continue much below normal and the outlook for foreign wool production has shown little change during the past month. Shearing has already begun or is about to begin in the countries of the Northern Hemisphere. Reports from Australia continue to indicate improved pastoral condisions. Judging from the number of sheep the United States wool clip will be larger this year than last.

Some strengthening in domestic prices

Wool prices at Boston have continued on the upward trend the past month, but the strengthening has been gradual, according to Mr. R. L. Burrus of the Boston Wool Office of the Bureau of Agricultural Economics. Although the receipts of domestic wool at Boston have been heavier, demand has kept apace and consequently the new territory wools have not been allowed to accumulate on the market. The lower grades have been active and 56's especially strong. Fine territory new original bag wools have been steady and the market for fine fleeces is beginning to show a little more activity. Medium grades of foreign wools showed evidences of a renewed activity toward the latter part of May, after a short period of dullness.

Fleeces

The market is hardly established yet on new fleece wools because not enough volume has come forward to give values a real test. The early wools in some cases are a little heavy and are rarely of the choicest staple, but the scarcity that existed in the supplies of medium qualities for some time has caused a condition in which a number of dealers are standing by for supplies as rapidly as the wools come in from the Middle West and dealers can grade them.

The scarcity of medium qualities of domestic wools in central markets and the large extent to which the medium wools in the Territory section have been contracted have caused an unusually large number of buyers to be attracted to the fleece wool states, report dealers who have representatives in the country. Competition for the new wools is said to be very keen and recently medium wools have become more active. This condition has caused some houses to refrain from offering their new wools at the current levels. They prefer to wait until sufficient stocks have been assembled in the market to attract buyers from the large mills, hoping that competition at that time will enable them to realize a fair profit on their transactions.

Prices on the fine and 1/2 blood combing fleeces have remained stationary during the past month. The clothing fleeces of these grades have strengthened slightly as a result of the scarcity of the scoured wools in the hands of dealers. Medium and lower grades of fleeces have shown a gradual strengthening tendency.

Territory

The volume of the receipts of fine wools from the West has increased considerably during the latter part of the month and has included wools from Arizona, Nevada, Utah, Colorado and New Mexico. Stocks have not been allowed to accumulate in warehouses as worsted manufacturers, topmakers and scoured wool dealers have been showing a keen interest in the new wools. Most of the wools that have arrived have been sold in the original bags.

The early wools have been largely of 64's and finer qualities with occasional clips running to 58's, 60's and medium qualitirs but not in sufficient quantities to warrant grading. The staple was rather short, many of the lots being suited only to the needs of woolen manufacturers, with other lots being adaptable to worsted manufacturers using the French system. Some of the more recent shipments have been of a little better staple.

Original bags of fine wools of the new clip have sold in the range $1.05-1.14, clean basis, the clothing wools bringing prices around the low side of the range while some of the later, better stapled good French combing wools have sold at prices up to the maximum of the range. Lots of bulk 1/2 blood wools sold at around $1.07, scoured basis, in the original bags.

The medium grades of the new Territory wools have not become much of a factor in the market as yet. Small quantities have become available and ready buyers were found who took the wools at strong prices. Strictly Combing 56's, graded, are worth in the range $1.05-1.10, and 48's, 50's bring around $1.00, scoured basis.

In general, the price trend in Territory wools during the past month has been slightly upward. Medium and lower qualities have shown the strongest upward movement. The finer grades are only a little stronger than at the beginning of the period under review.

Woolen wools

Trading in woolen wools has been irregular. Demand was fairly strong but price advances resulting from reduced stocks tended to slacken trading. Dealers have faced serious difficulties in replacing their stocks of scoured wools. Greasy clothing domestic wools are well sold up and little relief has been afforded by the new fine wools from the Territory section for they have been sold in the original bags very readily to woolen mills, topmakers and worsted manufacturers using the French system. Pulled wools appear to be in a very strong position. Production is reported well sold and the stocks of the longer stapled winter wools are said to be restricted with very firm prices asked for the remaining lots. The market for noils of 56's and the finer grades has been fairly good with prices showing a tendency to strengthen.

Foreign

Early in May there was a fairly strong demand in the Boston market for New Zealand and South American crossbreds of qualities 50's and below, and Australian 64's and greasy combing South African Cape wools sold fairly well for a short time. Some uneasiness developed just previous to the London sales and a few houses sold moderate quantities of their spot stocks. Buying fell off, however, when the lower priced offerings had been taken out of the market. Prices on all grades of foreign wools are quotable within practically the same ranges as a month ago, but some dealers are golding their wools at figures above current quotations. Medium grades of foreign wools have lately shown evidences of a renewed activity after a short period of dullness. Confidence in values of foreign lines has been increased by the strengthening tendency London showed soon after an irregular opening at which prices were slightly lower than the closing of the previous series. The growing confidence in fine wools values has induced some holders to turn down better offers from abroad on Cape wools than can be secured on the current market. A few of these offers on Cape wools have been accepted and about 100,000 pounds have recently been reexported from Boston, destined for the European continent.

Tops

The tops market has shown some improvement during the month. At the beginning demand was very slow with spinners bidding several cents under quotations. Topmakers were firm on all grades except on 64's and 60's which showed some irregularities. A few topmakers accepted business early in the month on these two grades at slight concessions from previous asking prices. Demand improved later and prices stiffened and went back to the previous levels on 64's and slightly in advance of previous quotations on 60's. Medium grades remained very firm with a strengthening tendency as a result of the firm prices and light supplies of the raw wool. Knitters have been purchasers of sizable quantities of 50's tops. Lower grades have been going fairly well with prices very firm, due to the strength of foreign crossbred wools, according to Mr. Burrus.

Domestic prices below foreign

The continuous rise in prices of wool at the London Sales for the past several months has not been accompanied by a corresponding rate of increase in the United States. The disparity can be accounted for by comparing the important factors influencing prices of wool in foreign markets and in the United States. Among the factors causing strength in markets abroad have been the light supplies, the economic improvement on the continent and in England, and the increased demand from Japan. The relation of the United States prices to other world market prices of wool is determined largely by domestic demand conditions and the general price level. The principal indexes of business conditions this year have not shown any marked increase in business activity, e.g., the first quarter of this year as compared with the same periods last year and the year before last show a decrease in pig iron production, but some increase in bank check payments. Wholesale prices, although somewhat higher than last year, have not shown any appreciable advance this year. Since, however, the United States wool industry is partially dependent upon foreign supplies, the continued rise in prices abroad has been reflected to some extent in the domestic market.

It may be of interest to note that the price of raw wool in the United States is on a relatively higher level than other textiles, based on the average for the past 5 years. This is illustrated in the following table:

Prices of textile fibers in terms of other commodities
(April 1928, as per cent of the five-year average, 1923-27)

Cotton, 10 spot markets	87.3
Raw silk, Japanese 13-15, N.Y.	82.0
Wool, Territory, fine staple scoured, Boston	92.3
Wool, O., Pa. and W. Va., 3/8 blood, unwashed, Boston	102.6

The following tables indicate the trend of wool prices:

WOOL: Prices at Boston
(Clean basis)

Grade	1927	1928		
	May 28	Feb. 25	Mar. 24	May 26
	Cents	Cents	Cents	Cents
64's, 70's, 80's (fine)				
Strictly Combing				
Ohio and similar grease	43- 44	49- 50	49- 50	48- 50
Fleece scoured	102-107	117-122	117-122	118-123
Territory scoured	105-110	115-118	115-118	118-123
56's (3/8 blood)				
Strictly Combing				
Ohio and similar grease	41- 42	52	52	56
Fleece scoured	75- 80	95- 98	95- 98	100-105
Territory scoured	85- 90	97-102	97-102	105-110
46's (low 1/4 blood)				
Strictly Combing				
Ohio and similar grease	38- 39	45- 47	45- 47	47- 48
Fleece scoured	65- 70	75- 80	77- 82	80- 85
Territory scoured	65- 70	77- 82	80- 85	85- 90

Compiled from Market News Report of the Boston office of the Bureau of Agricultural Economics.

PRICES: Wool, yarn and piece goods, April 1926, 1927 and 1928

Year and Month	Wool at Boston, 64's, 70's, 80's, Fine Territory, scoured, clothing	Wool at Boston, 56's 3/8 blood Strictly combing, fleece scoured	Worsted yarn 2/32's crossbred stock	Women's dress goods: French serge 39" at mills	Suiting unfinished worsted 13 oz. at mills
	Dollars per pound	Dollars per pound	Dollars per pound	Dollars per yard	Dollars per yard
1926					
April...	.99	.85	1.45	1.05	2.093
1927					
April...	.92	.81	1.35	.98	1.913
1928					
April...	1.06	1.00	1.55	1.02	2.008

Wool prices from Crops and Markets. Other prices from Bureau of Labor Statistics monthly bulletin on wholesale prices.

Domestic imports continue small

Imports of combing and clothing wool for April were only 12,303,000 pounds, or less than for any April since 1924 and about half the five-year average for April from 1923 to 1927. Imports at 3 principal ports for the four weeks ending May 26 were 5,962,000 pounds as compared with 7,316,000 pounds and 14,823,000 pounds for the corresponding periods in 1927 and 1926.

Stocks at a low point

Stocks of wool held by reporting dealers and manufacturers on March 31 were much below previous years. The reduction from last year of 10 per cent was due to the decrease of foreign wool held by dealers. The total of combing and clothing foreign wool held in bond at Boston on April 30, 1928 was 33,628,000 pounds against 38,681,000 pounds a year ago.

Wool stocks held by reporting dealers and manufacturers, on March 31, 1926, 1927 and 1928

Item	1926	1927	1928
	1,000 pounds	1,000 pounds	1,000 pounds
Total excluding carpet a/	268,113	242,605	217,080
Total including carpet held by dealers a/	154,804	129,948	85,873
Total including carpet held by manufacturers a/	176,520	161,708	175,876
Total including carpet, foreign b/	155, 955	117,122	94,935
Total domestic b/	85,938	95,907	93,575

a/ Grease equivalent. b/ Aggregate, as reported.

Activity in mills declines

Mill activity in April fell below March, 1928 and April a gear ago. The consumption of combing and clothing wool (grease equivalent) as computed from reports to the Bureau of the Census, showed more than the usual decline from March and was 85 per cent of the five year average, for April, 1923-27. Activity in wide looms was above March 1928, and April 1927, while narrow looms showed a decline. Activity in woolen and worsted spindles declined. Statistics compiled by the Bureau of Labor Statistics on pay-roll totals and employment in the wool manufacturing industry show that earnings per worker in April were somewhat below March, 1928, and April 1927 and 1926.

London prices firm but below previous series

The third series of the London Wool Sales closed on May 22 with prices steady but at about 5 per cent below the second series for most grades, according to cabled reports from Agricultural Commissioner Foley. The United States bought very little at the last series. Sales were about 87 per cent of the amount offered, as compared with 85 per cent at the second series and 77 per cent at the third series of 1927. Competition was not so keen as at the second series. Prices at the close of the third series as compared with closing rates of the second series showed the following changes:

Merinos
- Greasy ..... Par
- Scoured combing ..... 5% lower
- Scoured clothing ..... Par
- Lamb's greasy ..... 5% lower
- Lamb's fully scoured ..... Par

Crossbreds
- Fine greasy ..... Par
- Medium ..... 5% lower
- Low ..... Par to 5% lower
- Scoured ..... 5% higher
- Lamb's greasy ..... 5 to 10% lower

Slipes
- Crossbred lamb's ..... 5 to 10% lower
- Crossbred sheep's ..... Fully par

Capes
- Greasy ..... Par
- Scoured ..... Mostly 5% lower

Punta Arenas ..... 5% lower

Quotations by grades, clean basis, are as follows:

LONDON COLONIAL WOOL SALES: Prices near close of 1st, 2nd and 3rd series, 1928
(Clean basis)

Grade	1st series February 1	2nd series March 29	3rd series May 18
	Cents	Cents	Cents
70's ordinary	96.3	97.3	97.3
64's "	93.3	95.3	95.3
60's "	86.2	89.2	88.2
58's "	81.1	83.1	83.1
56's "	77.0	80.1	79.1
50's "	51.7	58.8	54.7
48's carding	47.6	52.7	51.7
48's "	44.6	49.7	50.7
44's "	42.6	47.7	48.7
40's --------	40.6	46.6	47.6
36's --------	39.5	45.6	46.6

Compiled from cabled reports by E.A.Foley, American Agricultural Commissioner at London.

The quantities available at the third series this year were much below the corresponding series of the two previous years, as shown below.

LONDON COLONIAL WOOL SALES: Quantities available at third series, 1926, 1927 and 1928

Origin	Third series		
	April 27, 1926	May 3, 1927	May 8, 1928
	Bales	Bales	Bales
New South Wales	17,900	21,400	21,850
Queensland	12,250	6,050	3,100
Victorian	18,000	13,200	10,550
S. Australian	5,100	4,750	5,450
W. Australian	8,950	5,050	6,450
Tasmanian	550	750	550
New Zealand	48,050	44,450	33,060
Cape	4,100	3,050	5,500
Punta Arenas and Falkland Islands	26,100	24,400	21,320
Sundries	1,500	1,100	1,350
	142,500	124,200	109,200

Source: Jacomb, Hoare and Co., and Schwartze, Buchanan and Co.

In Australia the busy season was reported as well over by the end of March although one sale was to be held in May at Brisbane and another in June, according to Consul General Garrels at Melbourne, under date of April 19. There was also several clearance sales to be held at other centers. The opening sales for the 1928-29 season will take place at Sydney on August 20 to be followed by sales at Adelaide on September 7.

Raw wool prices maintained at Bradford

On account of the strength at the recent London Sales raw wool prices have been maintained at Bradford, according to Consul Thompson. The slightly higher prices are meeting with less resistance from the cloth trade and business compares favorably with the same period last year.

Cloth manufacturers in the Huddersfield district report that the demand on export account is spreading over a larger number of countries than in the immediate past. The Near East market is said to be improving, and the Levantine countries are taking more goods from the Huddersfield district, but there has been little improvement in the Far East.

Spinners reported their position at the middle of the month as being far from satisfactory. Deliveries of yarn to the European continent were well maintained on current contracts, but there was a distinct curtailment of new orders and danger of considerable curtailment in machinery activity.

The volume of exports from the United Kingdom of semi-and fully manufactured wool products for the month of April was slightly above April a year ago, the weighted index being 73.6 as against 72.3 for April last year.

WOOL MANUFACTURES: Exports from the United Kingdom

Item	April 1927	April 1928
Tops, 1,000 pounds	3,303	2,921
Woolen yarn-carded, 1,000 pounds	451	417
Worsted yarn-combed, 1,000 pounds	3,311	3,311
Woolen cloth, 1,000 square yards	6,860	7,990
Worsted cloth, 1,000 square yards	2,619	1,980

From "Trade and Navigation of the United Kingdom."

Little change in foreign production prospects

Australia

Reports from Australia continue to point to generally improved pastoral conditions in that country. A good season is now assured in New South Wales which supports over half the sheep in Australia. Owing to improved conditions the sheep will probably yield a heavier fleece in 1928 than in 1927, states the London Chamber of Commerce Journal for May 11, 1928. The probable increase in the average yield per sheep this year is expected to offset to a great extent the decreased number of sheep available for shearing. The new clip is likely to contain more lambs wool as a result of the favorable pastures, states the Yorkshire Observer of April 18.

New Zealand

In New Zealand the outlook for the season appears to be promising as the droughty conditions in the important sheep raising districts are reported to have been relieved by rain.

Union of South Africa

Weather conditions in the Union of South Africa at the beginning of April appear to have been more favorable for the coming clip than they were last year when the clip was only slightly smaller than the record clip of 1926. During the last few days of March, reports from the Monthly Review of the Bank of South Africa for March 1928, exceptionally heavy rain fell throughout practically the whole of the Union with the exception of the extreme west of Cape Province and the Northern Transvaal, neither of which is an especially important sheep area. The heaviest fall of rain was in the center and south of Cape Province where the drought appears to be definitely broken at last.

Argentina

While sheep have apparently not increased in 1927, according to Messrs. Gibson Brothers of Buenos Aires, their condition on the whole is stated to be somewhat improved.

Of the 322,000,000 to 329,000,000 pounds of wool estimated to have been produced in Argentina in 1927, 32 per cent is estimated to be coarse crossbred, 22 per cent medium crossbred, 30 per cent fine crossbred, and 16 per cent merino, according to an estimate of the Buenos Aires branch of the First National Bank of Boston.

Uruguay

In Uruguay the outlook for the coming clip appears to be favorable. Although the last official census of livestock in that country was made in 1924, unofficial reports since that date indicate a considerable increase in sheep, states the Bank of London and South America, Ltd., of March 1928. Last season's lambing was reported as highly successful.

United States

From all indications the United States wool clip will be larger this year than last.

Weather and feed conditions during April were generally unfavorable to a normal development of the early lamb crop and the condition of lambs at the beginning of May was below average in most of the important early lambing areas. The condition of sheep and lambs in the 17 western range States was 91 per cent of normal on May 1 compared with 93 per cent the preceding month, 93 per cent a year ago and a five-year average of 95 per cent.

Canada

The outlook for 1928 is quite encouraging to sheep men, according to the Annual Report of the Dominion Livestock Branch. Buying at feeder sales in the West during the autumn of 1927 indicated a fairly keen desire on the part of a good many farmers to get a start in sheep although the movement of lambs from stockyards back to country points was lower than the previous year.

In Alberta, which produces about 16 per cent of the wool in Canada, warm dry weather is favoring the lambing season at the big range camps and fair progress is being made, according to a report to the Lethbridge Herald quoted in The Market Examiner of May 10. The percentage of twins is below average but the vitality and thriftiness of the lambs is promising and altogether the crop is expected to be a good one. Shearing is starting on the farms but the range men will begin somewhat later.

In Ontario, where almost 30 per cent of the Canadian wool clip was produced in 1927, reports of flocks are encouraging. The lambing season has been a good one and it is a safe conclusion to draw that flocks are increasing, according to Vice Consul C. Paul Fletcher of Toronto under date of May 5, 1928.

England and Wales

In England and Wales, generally speaking, the lambing season has been satisfactory, the number of lambs born being rather above the average in most districts, states the Monthly Agricultural Report of May 1. Losses of ewes were reported more or less general and were rather heavier than usual in the North and in parts of the Southwest and Wales. In a few districts losses

among lambs, especially among the early arrivals, were reported to be heavy. On the whole both ewes and lambs were doing well at the end of the month. Lambing among hill flocks was well advanced but as was anticipated the number of lambs born appears to be hardly up to the average while the mortality among ewes and lambs is slightly heavier than usual.

Receipts, stocks and disposals of wool in foreign primary markets

In all primary markets stocks are reported to be low although the quantities in store in Australia and in Argentina at the Central Produce Market at the end of April were larger than at the same time last year.

Receipts into store in Australia during the period July 1, 1927 to April 30, 1928 showed a decrease of 7 per cent in pounds over the same period last year, although in bales the decrease was only 3 per cent. Disposals up to April 30, 1928 compared with the same period last season showed a decrease of 8 per cent. Stocks on hand on April 30 were 20 per cent above those at the corresponding date last season. The average weight per bale used in converting from bales to pounds is that furnished by the National Council of Wool Selling Brokers for the period July to February, compared with the same period last season. This is the latest estimate of weight available.

Receipts of wool at the Central Produce Market, Buenos Aires, from July 1 to April 25 were 13 per cent below the corresponding period of the preceding season, while shipments up to that date from October 1 showed a decrease of 5 per cent. Wool in store on April 25, 1928 at the Central Produce Market, where during recent years about one-third of the national clip has been disposed of, showed an increase of 62 per cenr over the same date of 1927, but notwithstanding this increase stocks are small compared with recent years. In the May wool report issued by the Bureau of Agricultural Economics shipments from Argentina up to March 22 were larger than last year and stocks at the Central Produce Market smaller. Stocks in Uruguay and the Union of South Africa are reported to be small.

WOOL: Receipts, disposals and stocks in certain primary markets

Country and item	Amount
	1,000 pounds
Australia: a/	
Receipts: From b/ July 1, 1927 to April 30, 1928	709,362
Same period 1926-27	764,857
Disposals: From July 1, 1927 to April 30, 1928	678,587
Same period 1926-27	739,134
Stocks on hand: April 30, 1928	30,744
Same date 1927	25,723
Argentina:	
Receipts at c/ Central Produce Market, near Buenos Aires, July 1, 1927 to April 25, 1928	85,218
Same period 1926-27	98,504
Shipments: From October 1, 1927 to April 25, 1928	223,433
Same period 1926-27	235,773
Stocks: At Central Produce Market, Buenos Aires, April 25, 1928	4,980
Same date 1927	3,069
Uruguay:	
Deliveries at Montevideo: From October 1, 1927 to February 1, 1928	119,347
Same period 1926-27	94,794
Shipments: From October 1,1927 to April 26, 1928	111,348
Same period 1926-27	104,336
Stocks:	
Remarks: Stock left in warehouses at end of February, small	
Union of South Africa:	
Stocks May 9, 1928, small.	

Sources: Australia- Receipts, stocks and disposals estimates of National Councul of Wool Selling Brokers. Reuter cable May 8 to the London Chamber of Commerce Journal May 18. Argentina- Review of the River Plate, April 20, 1928. Uruguay- Receipts and stocks Bank of London and South American Ltd., Monthly Review, April 1928. Shipments, Review of the River Plate, April 20, 1928. Union of South Africa- Stocks, Wool Record and Textile World, May 10, 1928.

a/ In converting bales to pounds have used average weight per bale as furnished by the National Council of Wool Selling Brokers of Australia for the period July 1 to February 28 (the latest available) i.e., 316.6 pounds in 1926-27 compared with 302.9 in 1927-28. (The average weight per bale used in the May 10 report was for the period July 1 to ecember 31. The decrease in the weight per bale this season is approximately 4 per cent.) b/ In the May 10, 1928 report, i.e. Wool-3 the period was reported as from October 1. This should have been from July 1. c/ It is estimated by the Buenos Aires Branch of the First National Bank of Boston that during recent years about 1/3 of the National clip has been disposed of at this market.

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